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State of Vermont  
Public Service Board

September 23, 2002

Ms. Marlene H. Dortch  
Office of the Secretary  
Federal Communications Commission  
445 12th Street, SW  
Washington, DC 20554

Irene Flannery, Vice President  
Universal Service Administrative Company  
2120 L Street, NW, Suite 600  
Washington, DC 20037

**Re: CC Docket 96-45 - Annual Certification of Non-rural Carriers**

Dear Ms. Dortch and Ms. Flannery:

In accordance with 47 CFR § 54.313, I hereby certify that all federal high-cost funds flowing to Verizon New England Inc. (formerly New England Telephone and Telegraph Company) d/b/a Verizon Vermont ("Verizon") will be used in 2003 in a manner consistent with 47 U.S.C. § 254(e) for the provision, maintenance, and upgrading of facilities and services for which support is intended. Verizon is the only non-rural certified eligible telecommunications carrier in Vermont for calendar year 2003. Verizon's Study Area Code is 145115.

The support to Verizon will *be* distributed to customers in two ways:

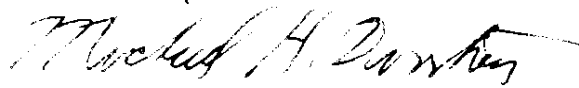
The amount that is equal to support received in 1999 has been incorporated into the calculation of the company's overall rates. This base amount will continue to support lower tariffed rates in the coming year,

- The remainder of the support will be distributed through an explicit credit for residential and business customers, for services rendered on and after January 1, 2003. Pursuant to a 1999 agreement reached between Verizon and the Vermont

Department of Public Service, each Verizon residential and business customer will receive a monthly credit on his or her bill titled "Federal Universal Service High Cost Fund Credit ". The credit amounts will be set to fully distribute the expected additional federal support to be received by Verizon in the coming year. As the end of the year approaches, if the projected support amount does not equal the initial estimate, a final adjustment will be made to the credit amounts. Since the FCC has not yet informed us of Verizon's support amounts for 2003, we have not been able to estimate the credit, although we plan to leave the current mechanism in place

Vermont greatly appreciates the Commission's willingness to provide support to the intrastate jurisdiction so that Verizon's Vermont customers may have telephone rates that are more nearly comparable to those charged in urban areas of our nation

Sincerely,

A handwritten signature in black ink, appearing to read "Michael H. Dworkin". The signature is fluid and cursive, with a long horizontal stroke at the end.

Michael H Dworkin  
Chairman

cc Lawrence Lackey (Vt DPS)  
Joanne Fenoff (Verizon Vermont)